

Date: November 25, 2024

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To,
Listing Compliance Department
National Stock Exchange of India Limited,
Exchange Plaza, C-1, Block-G,
Bandra Kurla Complex,
Bandra (E), Mumbai – 400 051

NSE Symbol: MYMUDRA

Subject: Transcript of the Conference Call with Investors & Analysts

Dear Sir/Madam,

This is in furtherance to our letter dated November 13, 2024 intimating about the Conference Call with Analysts/ Investors on Tuesday, November 19, 2024 at 04:00 p.m.

In accordance with Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of the Conference Call held on Tuesday, November 19, 2024 at 04:00 p.m. in respect of the Unaudited Financial Results of the Company for the Half Year ended on September 30, 2024.

Further, the aforesaid transcript will also be made available on the website of the Company i.e. www.mymudra.com.

This is for your kind information and record.

Thanking You,

For **My Mudra Fincorp Limited**

Piyushi Jindal
Company Secretary
Membership No.: A37242

Encl.: As above



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“My Mudra Fincorp Limited H1 FY25 Earnings Conference Call”

November 19, 2024



**MANAGEMENT: MR. VAIBHAV KULSHRESTHA - CHAIRMAN AND
MANAGING DIRECTOR - MY MUDRA FINCORP
LIMITED
MR. ABHISEK DHAL - WHOLE-TIME DIRECTOR AND
CHIEF BUSINESS OFFICER - MY MUDRA FINCORP
LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the My Mudra Fincorp Limited's H1 FY25 Earnings Conference Call.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing ‘*’ then ‘0’ on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Akhilesh Gandhi from Stellar Investor Relations Advisors. Thank you, and over to you, sir.

Akhilesh Gandhi: Thank you, Zico. Good evening, everyone, and thank you for joining us today.

We have with us today the management of My Mudra Fincorp Limited, Mr. Vaibhav Kulshrestha. He is the Chairman and Managing Director. With him, we also have Mr. Abhisek Dhal. He is the Whole-Time Director and Chief Business Officer. Both of them will be representing the My Mudra Fincorp on the call.

The management will be sharing the key operating and financial highlights for the half year ended on September 30, 2024, followed by Q&A session.

Please note that this call may contain some of the forward-looking statements, which are completely based upon the company's beliefs, opinions and expectations as of today. These statements are not a guarantee of the company's future performance and involves unforeseen risks and uncertainties. The company also undertakes no obligation to update any forward-looking statement to reflect developments that occur after a statement is made.

I now hand over the conference to Mr. Vaibhav. Thank you, and over to you, Vaibhav.

Vaibhav Kulshrestha: Thank you, Akhilesh, and first of all, good evening, everyone. My name is Vaibhav Kulshrestha, and thank you for joining us on our very first earning call after listing.

I hope you had the opportunity to review our investor presentation, which had been uploaded to the stock exchange. Today, we will share key operating and financial highlights for the 6th month ending 30 September 2024.

As is our maiden call, some of you may be learning about our company for the first time. I would like to take a moment to verify, introduce you to our business model. Since our inception in 2013, My Mudra Fincorp had been a trusted partner for over 90 leading banks and NBFC, functioning as a Direct Selling Agent, like a DSA.

Over the years, we have built a strong reputation in the financial services sector by offering a range of products such as home loan, business loan, personal loan, credit card and more. Recently, we have expanded into the insurance sector, further enhancing our product portfolio.

As on date, we have served over 10,000 satisfied customers, disbursing loan worth more than Rs. 10,000 crores. Currently, we operate a monthly disbursement run rate of approx. 200 crores.

Our business model combines physical and digital marketing strategies to reach customers across 15 states in India, like physical and digital, it means Phygital. With 9 branches and 154 franchise branches, we prioritize our simplicity and transparency in our customer experience, encouraging them to compare financial products and make informed decisions.

To pitch it simply, as a DSA, it acts as a bridge between customers and financial institutions like banks and NBFCs. We help customers find and apply for loans, credit cards and insurance products by understanding their needs, offering tailored options and handling all the paperwork.

Once the loan of products is approved, we earn a commission from banks or financial institutions or lenders, but we don't charge from customers. This makes the process faster, easier and more convenient for customers while helping financial institutions expand their reach.

Recently, we went public through our IPO, which has allowed us to raise funds of Rs. 33.2 crores to fund that repayment, and enhancing digital infrastructure and supporting working capital needs, and we are proud to be the only and first listed corporate DSA on NSE Emerge, which brings several advantages to our business.

Our listing on NSE Emerge enhances our visibility and credibility to access to our business. Our listing on NSE Emerge enhancing our visibility, creditability and access to capital markets, providing a solid foundation of future growth. It also positions us as a trusted player in the financial services space, further building confidence among our partners, investors, and customers. The approach makes our business model capital efficient and cost-effective, resulting in a higher margins and healthy financial ratios.

Now, moving on to our financial performance, for H1 Financial '25, we have achieved total revenue of Rs. 33.7 crore, a 5% year-over-year growth, EBITDA of Rs. 4.5 crore, up 50% year-over-year with a margin of 14.4%. Profit After Tax, PAT of Rs 2.8 crore, up 38% with a margin of 8.5%. Our ROE stood at 18%, and ROCE was 17%. Additionally, our debt-equity ratio improved to 0.1x, reflecting our strong financial position.

And on the operational side, we have recently opened a new branch in Basti, near Ayodhya, UP, and plan to launch 3 more branches, one in Himachal, second in Bihar, and third in Delhi, in the month of November only followed by 2 additional branch in the month of December

Also, we have joined hands with UGRO Financial, the NBFC, as an exclusive partner to provide financial solutions for green financing which will include solar rooftop and other solar projects. The idea is to support MSME and SME in saving electric costs and contribute to the struggle against climate change by reducing their own carbon density. We will also be providing financial solutions in other sectors, for example, acquiring or upgrading essential machinery and equipment.

Looking ahead, we focus on several key initiatives to drive growth. Expanding consumer reach like we serving more customers across India, including untouched or untapped regions, extending collaboration with banks and NBFCs, building deeper partnerships to expand our products offering, investing in digital and technology infrastructure, enhancing operational efficiency and customer experience.

Number four is product diversification. We are launching gold loans to provide quick financial against gold assets and starting mutual fund distribution to offer more investment options, adding more sub-DSA. Expanding our network by partnering with adding the sub-DSA brokers to scale operations and enhance customer reach efficiently.

With these strategies, we are confident in our ability to grow sustainability and remain competitive in the evolving financial service sector.

With this, I conclude my opening remarks. We are now ready to take your questions. And for my Board of team, Abhisek Dhal will reply to all the questions.

Moderator: Thank you, sir. We will now begin the question and answer session. The first question is from the line of Sanish Shah, who is an investor. Please go ahead.

Sanish Shah: Sir, I have few questions that are mainly on the strategic side. So, just wanted to know that, what would be the thought process that the company would be entering into MSME loan segment as looking forward India is growing major into MSME sector in last 5 years or 3 years we can say, MSME sector has grown by almost 3%, and the sector is also rising rapidly. So, can you please throw some light on that, sir?

Abhisek Dhal: Hi, a very good evening to one and all. And Mr. Vaibhav Kulshrestha has highlighted regarding the installation, I mean, the introduction of solar rooftop finance, which is a finance available to MSME, which is looking to install solar panels for commercial, industrial and residential use. Now, why exactly we have started with, why we have partnered with UGRO?

See, the future of MSME sector in India is very promising and the potential to drive the country's economy is very, very important. So, we have just started and when we talk about growth, it is followed always by technology, which we are already building. And why we are doing it?

So, we are trying to give options and we are aiming to make solar energy more accessible and affordable. And by this, we are allowing more people to adopt renewable energy solutions. And trust me, without bearing the entire financial burden upfront, they can easily do it because the loan amount can go up to 300 lakhs, maybe 10 year, maybe can go up to 84, 90 months. And there are a lot of things where we don't need collateral even, and then we can be financing to solar panels plus ancillaries. So, this is just the beginning, and we are trying to put our best foot forward.

Sanish Shah: But specifically, why solar? Why not manufacturing or any other sectors?

- Abhisek Dhal:** See, this is just the first step. We will gradually grow. We will gradually take strategic action plan. We will learn. We will evaluate our independent agencies to assess their impact on MSMEs. Then we will go brick by brick, because it really offers a variety of investment opportunities across industries like textiles, food processing and agriculture. So, as a financial thing, we are just trying to explore with the first step, solar energy. And not only that, we will be going with the machine learning also.
- Sanish Shah:** I have one another question. As you have mentioned in the presentation that we are entering into gold loan services, I mean, gold loan, yes. So, what would be the share of the revenue from this segment going forward? If you can give some detail over here.
- Abhisek Dhal:** Sorry. Can you please come again?
- Sanish Shah:** So, as you are entering into gold loan segment, right, gold loan vertical. So, what would be the revenue from this business going forward? I mean, for FY '25. And if you can give some more, I mean, revenue numbers or guidance for FY '26?
- Abhisek Dhal:** The margin varies. The margin varies from 5%, 10%, 15%. It depends upon the product type. It depends upon the volume of the product, nature of the product. We do not have a standard to measure it.
- Sanish Shah:** So, follow up on this question. So, just wanted to know, are you specifically targeting some geographies or it is in the existing geographies itself? I mean, as you are spread it out across 15 states, so are you targeting in that 15 states only or new geographies?
- Abhisek Dhal:** See, I will start with, see gold loan market is segmented by small loans, medium loans and large loans, right. And if we talk about the segment, we are going to have the accounting for the larger share of the market with expanding across pan-India. And we are going strength to strength. We are going strength to strength because we have already our branches across pan-India. We have our franchisee model across pan-India, and we have our owned offices across pan-India. So, we will not face much of challenges to start a new product, a new variant altogether in the market because we have already existing unsecured and secured loans.
- Sanish Shah:** I have one more question, sir. So, as the company is into the Phyigital model of the business, so what would be the total customer base of it? And are we experiencing growth in this model? Or how is it, like people do prefer physical more rather than Phyigital? If you can give some broad understanding over this because currently, looking at the digital world, the scams or certain things are happening at a very large scale.
- Abhisek Dhal:** Right. See, phyigital business is a brick and mortar business. We have been doing it since last 10 years. And it's very important for us to reach into the emerging markets of India, not restricted to prime markets. But we cannot deviate from the very important topic that fintech refers to the integration of technology in financial services. And we believe phyigital is a thing which will

bring us improvement in terms of delivering to customers, reaching to the customers in a better way.

Moderator: Thank you. The next question is from the line of Shikha Singh from B.S.H FINVEST. Please go ahead.

Shikha Singh: My first question is that which are the top, current top five states where the most business is happening in the entire industry? And are we present in those industries?

Abhisek Dhal: Madhya Pradesh, Orissa, New Delhi, West Bengal, Maharashtra.

Shikha Singh: So, do we have any presence here?

Abhisek Dhal: Yes, we do have.

Shikha Singh: And which is our largest contributor? Is it Madhya Pradesh?

Abhisek Dhal: It is Orissa and West Bengal.

Shikha Singh: My second question is that how many lending partners do we have at the moment? And what is the revenue breakup? So, is there any specific company which gives us higher commissions? And are we selling them more loans for the bank? So, how does the whole thing work?

Abhisek Dhal: Ma'am, we have tied up with all possible banks and NBFCs in the market, being the top corporate DSA of pan-India, but we cannot disclose the share from particular banks or NBFC, the revenue we are generating. But primarily, we started with banks and followed up with NBFCs.

Shikha Singh: And a bit on the work...

Abhisek Dhal: I can share the data on a personal level, one-to-one basis. But on a platform, it is difficult to announce the data.

Shikha Singh: No, worries, I will probably try to get in touch with your IR firm and maybe get in touch with you directly. So, my next question is that your in-house workforce, so what is the target each month? And how many employees are able to achieve that kind of target? Also, what is the attrition rate?

Abhisek Dhal: Ma'am, sorry, I did not catch you. Can you please repeat the question once again?

Shikha Singh: I just wanted to understand a bit on your in-house workforce and what are the kind of targets that you are assigned to them? And is there any high attrition that happens or something about that?

- Abhisek Dhal:** Ma'am, see, I would send across an email maybe, or I can share the data of the in-house team. We have an aggressive team. We drive them aggressively. We generate revenue through them, and we drive our targets very religiously, and the brief about the targets, exact data that can be....
- Shikha Singh:** Also, how often do you reject loans? I mean, what is the rejection rate for loans?
- Abhisek Dhal:** Ma'am, it's more of 65-35 approval ratio. And again, it depends upon the locations, the locations where we find more of educated in terms of higher profile customers, such as in the prime markets, the tech savvy customers, their approval ratio is quite higher than the emerging markets. For example, the school teachers, the government officials, where they have the lesser knowledge towards the impact of CIBIL. So, it's a mixed bag of responses.
- Shikha Singh:** Also, nowadays a lot of people are into instant loans. So, what is your process for that? And we are giving it, like are we giving it personally or our banks are giving? And is it up to, say, 1 crore loan in a day's time or what is the process?
- Abhisek Dhal:** Ma'am we do not give them personally. Yes, we do it.
- Shikha Singh:** So, it's through some bank.
- Abhisek Dhal:** Yes, we do it through our associate partners. I mean, the banks and the NBFCs.
- Shikha Singh:** And one final question. How are the commissions generated on credit cards?
- Abhisek Dhal:** Credit cards, the commission is generated, ma'am, it starts from 600, 800 and it goes to super premium cards up to 3,000 even.
- Moderator:** Thank you. The next question is from the line of Rishabh Kothari, who is an investor. Please go ahead.
- Rishabh Kothari:** I had one question with regards to the product diversification portion. I believe you all mentioned that you all are going to be expanding into mutual funds. Could you please shed some light on what the strategy for that is, as well as if you all have seen any early indicators of success with that product line?
- Abhisek Dhal:** We started this company with secured and unsecured loans, and then we always believed in adding products. And that is how we added credit cards, and that is how we added insurance, and that is how we are talking about gold loans.
- Now, with the future products and with the PR on a marketing we have, for example, Mutual Funds Sahi Hai. It is more of educated market if I compare it to the 10 years back. So, we cannot, we just cannot deviate ourselves from not selling mutual fund because it provides a good revenue. Not only good revenue, it provides us good vision. It helps us to bring us more customers where we can cross-sell different products, and we can make more number of products by selling more number of features to them.

Rishabh Kothari: That is extremely helpful. If you all have introduced mutual funds already, which states are they currently being sold as products via you all at present or is this something which is part of the future plan and is still to be launched?

I was asking if you all are already selling mutual funds for your partners; which states are they currently being sold in via y'all or is this something that you all are proposing to diversify as a new product line over the forthcoming quarters?

Abhisek Dhal: No, no. See, with the Indian awareness market, we have our franchisees and in-house team intact. So, it is not about sector specific funds. Our channel partner awareness, they are equally aware of the industry growth over the past decade, right? And we have technology where we can leverage to simplify process and build robust distribution networks. We have a strong distribution channel. We have our existing database. We have our existing channels. We have our existing customers where we day-on-day, we sell personal loan, business loan to them.

So, this product line extension selling mutual fund to our existing customer with the beginning, then we will look upon to introduce new customers and we have already had a new team who would be dedicatedly looking into mutual fund. And we are equally sensitive and educating the entire community as a whole so that more and more number of mutual funds can be sold on a daily basis. The measure should be loud and clear.

Moderator: Thank you. The next question is from the line of Sanika Shetty, who is from IIFL. Please go ahead.

Sanika Shetty: Sanika this side. See, you also mentioned that you would like to enter MF. So, I want to know that like whether you are having any plans in future to enter into products like investment products like AIF and PMS.

Abhisek Dhal: As far as right now is concerned, no, ma'am. We do not have any plan intact.

Sanika Shetty: So, basically, right now you are looking to enter into mutual funds only?

Abhisek Dhal: Yes, ma'am. It's a constant product. And see, the industry has seen growth over the past five years and despite global setbacks, the mutual fund markets is growing. And with the dedicated team we have, we will grow further, ma'am. We will continue to grow further.

Sanika Shetty: And also, can you explain how the working capital is calculated? Like how is the tax calculated over there? Like when banks and NBFC cut TDS, and how is it further passed on?

Abhisek Dhal: Ma'am, see, the revenue, ma'am, I beg your pardon. This is an internal financial summarization, and I would not be able to help you with the data right now on a public platform here. My sincere apologies.

Moderator: Thank you. The next question is from the line of Ravi Singh, who is an investor. Please go ahead.

- Ravi Singh:** Congratulations on our successful listing, sir. My question would be, in terms of risk, I would like to know that, do you shoulder any responsibilities of default? Like, how does that work? The risk factor?
- Abhisek Dhal:** Yes, we do not have the responsibility of defaulters or we do not take responsibility. We were not the sole full responsibility where the loan goes NPA or the default list. But yes, at times, it is a moral responsibility. As an old company, we have our own principles. We have our own ethics. We help our banks. We help our lenders. We go hand in hand. We go parallelly to help them out so that all we can remain on the same page so that we both can have a win-win situation.
- Ravi Singh:** And my second question would be, I would like to know is, what is your overall outlook on the credit growth in the industry?
- Abhisek Dhal:** Credit growth as in, I mean, you are talking about My Mudra or the loan industry?
- Ravi Singh:** The loan industry as a whole.
- Abhisek Dhal:** See, India, if I talk about India, it is absolutely not India, it is Bharat. And we are consisting of prime and emerging markets both. And I will tell you, the loan market has absolutely grown from 2012 to 2024. Before that, the growth was minimal. We do not have that look on hand of technology. With the emerging of technology, see, mobile phone is a boom today. It is WhatsApp, the technologies, things have become so much of ease.
- And so, I expect, see, when we talk about the credit growth, we see how many apartments are building in India. Lot of population, 140 crores population, the housing, credit industry, the credit card outstanding, the personal loan category. More and more number of people are coming into from different, from villages to the metropolitans. They are coming here to study, taking up jobs. Entrepreneurship is rising in India. And I am sure India is going to continue to be the top entrepreneurial country in India by 2035. So, the credit growth is going to be enormous. And I am sure we are doing good. And we are on the right track to be the best fintech company today.
- Ravi Singh:** And secondly, in that, I would like to know in the industry, basically, so what ticket size are we catering to? And what kind of customer profiles do we currently hold?
- Abhisek Dhal:** I will follow up with your question. You are talking about the credit growth and bank soundness. We are fast and furious. And when you talk about the ticket size, see, it is growing. We have 5 lakhs, 10 lakhs, 15 lakhs. It is all about the personal loan, and it comprises of different market. When you go to Bangalore, Hyderabad, the ticket sizes rises because the higher the income, the ticket size usually goes high. And in a smaller market, for example, if I am talking about Hyderabad, the ticket size is higher. If I talk about the entire Andhra Pradesh, may be smaller. The ticket size is 2.5 lakhs, 3 lakhs, 4 lakhs, 5 lakhs.
- Ravi Singh:** So, what kind of customer profiles are we currently handling? So, is it kind of corporate, individuals or?

- Abhisek Dhal:** Salaried, self-employed, professionals, for example, when I talk about professionals, they are chartered accountants and doctors. We cater them differently. We categorize them differently. And they are one of the very important profile to add into our revenue model.
- Ravi Singh:** And one final question I would like to know is that what is the revenue guidance that if you could share for the financial year FY '25 next?
- Abhisek Dhal:** No, sir, I am afraid I won't be able to do that, sir. I won't be able to give hypothetical figures out here sir.
- Moderator:** Thank you. The next question is from the line of Jhanvi Yadav from IIFL. Please go ahead.
- Jhanvi Yadav:** So, I would want to ask you that like we recently started credit card and insurance business. How much revenue are we expecting and will we be starting any gold loan as well?
- Abhisek Dhal:** Yes, we are starting gold loan, and we are expecting the market to grow further as well. Currently, we did start our credit card business. See, credit card business revenue is usually not calculated on the parameters of volume business. It is calculated on the parameter of unit business; how many credit cards are being sold in the market. And it has different categories because we have free cards in the market, which all of us we are aware, and we have super premium cards where the annual subscription is quite high. So, we have a bundle program where along with credit card, insurance is also being sold. So, with the bundling program, we have the aspect of earning more on a single customer. And we would be growing around 20% to 25% of the total volume.
- Jhanvi Yadav:** And also, I would want to ask you that 48 crores were given commission to the sub DSAs on account of 55 to 56 crores, roughly about 85%, right? What is that we are giving. So, going forward, what will be the commissions and what is the target company is expecting from them?
- Abhisek Dhal:** I strongly believe with cutthroat competition and the commission might go lower on a lower side, because I will tell you why. We are trying to develop an ecosystem where we will have more number of in-house branches and typical call centers where we will have our own people, we will have our own methods to drive business and generate more revenue because they will be our core employees.
- Jhanvi Yadav:** And how are the sub DSAs and franchisees selected, like how do you?
- Abhisek Dhal:** Ma'am, I will again tell you. See, there are few branches, for example, very recently, we have opened our branch in Basti near to Ayodhya, right? And again, we are going to open three more branches. See, we are not primarily targeting into prime markets.
- For example, if I am talking about Bihar, I am not only talking about Patna because the house rent, the employee cost is always higher. So, the profitability will always become on a lesser

mark, but when I am talking about Muzaffarnagar, the rental and the commission is quite lower side as compared to Patna. So, the profitability will gradually grow.

Jhanvi Yadav: And what are the plans for expanding franchisee business and how much will be the cost?

Abhisek Dhal: Ma'am, we are growing every day. Our franchisees are being added every day. We are being highlighting, for example, in last five days, we have our branches in Muzaffarnagar, Basti, Baddi in Himachal Pradesh. Now we are going to have more branches in Orissa, when I am talking about East, Nagpur, there are lot of branches we are coming up.

See, it's a market where we are lot of bankers we are acquiring. There are lot of people who have been in this financial sector. For example, our insurance people have been working with 15-20 years, but now he has done with his job, he wants to start off his own, right. Now, we want to acquire them, we want to train those people, nurture them, and they will be always on a low margin so that we will develop our ecosystem and will be more profitable. And I am sure within two to three years, we will become more and more profitable.

Jhanvi Yadav: And how many numbers of franchises and like how many are owned by the company?

Abhisek Dhal: See, we have 9 owned branches, and we have more than 154 branches adding every day. And when I talk about this 154, 60 branches, these are hard core My Mudra branches who generate good volume and profitability.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to Mr. Abhisek Dhal for closing comments.

Abhisek Dhal: First and foremost, I would like to express my appreciation to the speakers, all the panelists for their valuable contribution and my deepest gratitude goes to the all who attended and helped us to make it a successful event for me to be very honest. And it is very important for all of us to regularly hear the views from the industry experts and how we can go further, growing further. And this is just a beginning, and there is lot of many more pan-India across and will be enjoying again with many financial institutions and banking financial companies. Thank you very much. Thank you for your time. It has been wonderful session here.

Moderator: Thank you. On behalf of My Mudra Fincorp Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.